

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 CU-05 AGR-20 AID-20 CIAE-00

COME-00 EB-11 FRB-03 INR-11 NSAE-00 RSC-01 XMB-07

OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 IO-14

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 3/31/75

TAGS: EAID, EFIN, ID

SUBJECT: PROPOSED ADB TECHNICAL ASSISTANCE (TA) TO INDONESIA
FOR SURABAYA INSTITUTE OF TECHNOLOGY PROJECT

SUMMARY: ADB MANAGEMENT PROPOSES \$143,000 TA GRANT
TO INDONESIA TO FINANCE FOREX COST OF ESTABLISHING
THE FEASIBILITY AND DETERMINING THE PRIORITIES
FOR ESTABLISHING A MEDIUM-TERM TEN-YEAR DEVELOPMENT
MASTER PLAN INCLUDING NEW CAMPUS FACILITIES,
CURRICULA AND STAFF DEVELOPMENT FOR THE SURABAYA
INSTITUTE OF TECHNOLOGY (ITS) TO HELP MEET THE
CRITICAL ENGINEERING MANPOWER REQUIREMENTS OF
INDONESIA. USADB RECOMMENDS FAVORABLE NAC ACTION. END SUMMARY.

1. ADB DOC. R 85-74 WITH ATTACHMENTS DESCRIBING
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PROPOSED GRANT POUCHED ADDRESSEES 22 AUG. BOARD

CONSIDERATION LIKELY 19 SEPT.

2. ADB MANAGEMENT PROPOSING \$143,000 GRANT TO INDONESIA. PROCEEDS WILL FINANCE FOREX COSTS OF FOREIGN CONSULTANT SERVICES TO PROEPARE A PROJECT TO FEASIBILITY LEVEL FOR POTENTIAL BANK FINANCING, INCLUDING EVALUATION OF PROPOSED DEVELOPMENT PROGRAM FOR (ITS) EMBRACING MECHANICAL, ELECTRICAL, CIVIL AND CHEMICAL ENGINEERING AND INDUSTRIAL MANGAEMENT CURRICULA; STAFF DEVELOPMENT PLANS, CAMPUS FACILITIES AND EQUIPMENT, COMPUTER REQUIMREMENTS, STAFF HOUSING NEEDS, SUITABLE STUDENT SUBSIDY OR LOAN PROGRAMS, AND LIBRARY DEVELOPMENT. OFFICE OF EXTERNAL ASSISTANCE DEVELOPMENT PROGRAM, MINISTRY OF EDUCATION, TO BE EXECUTING AGENCY.

3. PROPOSED PROJECT LOCATED IN EAST JAVA WHERE EXPANDING IRRIGATION DEVELOPMENT, PORT ACTIVITIES, AND INDUSTRIAL GROWTH IN SUCH AREAS AS SHIPBUILDING, AGRICULTURAL PROCESSING, MACHINERY, OIL REFINING, CEMENT AND FERTILIZER, PLUS REHABILITATION OF TEXTILE PLANTS AND OTHER LABOR-INTENSIVE LIGHT AND SMALL-SCALE INDUSTRY HAS RESULTED INCRTICAL SHORTAGES OF SKILLED WORKERS, PARTICULARLY AT INTERMEDIATE AND HIGHER LEVELS. ESPECIALLY, RATIO OF ENGINEERS TO TECHNICAL AND SKILLED WORKERS UNDULY LOW, CONSTRAINING PACE OF INDUSTRIAL DEVELOPMENT. ALSO, BUDGET RESTRICITIONS ON EDUCATIONAL INSTITUTIONS AND LIMITED SCHOLARSHIP RESOURCES AVAILABLE TOSTUDENTS COUPLED WITH HIGH DEMAND FOR CANDIDATES TO FILL URGENTLY NEEDED JOBS HAS RESULTED IN HIGH DROP-OUT RATES WITH MANY STUDENTS LEAVING BEFORE COMPLETING STUDIES.

4. NOT ONLY IS SHORTAGE OF ENGINEERS A BOTTLENECK TO INDUSTRIAL GROWTH, BUT SKILLS OF GRADUATES AVAILABLE IN LABOR MARKET ARE DEFICIENT IN QUALITY WITH RELEVANCE OF CURRICULA CONTENT BEING QUESTIONED. SECOND FIVE YEAR PLAN (1974-78) PROJECTIONS INCLUDE EMPHASIS ON ENGINEERING-INTENSIVE INDUSTRIES (MINING, MANUFACTURING, UTILITIES, CONSTRUCTION AND TRANSPORT). INVESTMENT IN SURABAYA AREA INCLUDES FIVE MAJOR PROJECTS (TWO PAPER LIMITED OFFICIAL USE

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FACTORIES, CEMENT AND PETROCHEMICAL EXPANSION AND MODERN-IZATION OF A SODA FACTORY). ONGOING ADB-FINANCED PROJECTS CONTRIBUTING TO DEMAND FOR SPECIALIZED ENGINSSRING MANPOWER IN THE AREA INCLUDE SURABAYA PORT (\$5.5 MILLION); EAST JAVA SUGAR (\$17.52 MILLION). AND SURABAYA-MALANG ROAD \$310,000 TA).

5. ITS CONSIDERED THIRD-RANKING AMONG SIXTEEN GOVT UNIVERSITIES

AND TWO INSTITUTES OF TECHNOLOGY OFFERING ENGINEERING STUDIES AFTER BANDUNG INSTITUTE OF TECHNOLOGY AND ENGINEERING FACULTY OF GAJA MADA UNIV. AT JOGJAKARTA. TWO TOP-RANKED INSTITUTIONS RECEIVING CONSIDERABLE EXTERNAL ASSISTANCE FROM VARIOUS BILATERAL DONOR COUNTRIES AND AGENCIES UNDER 1970 WHICH DESIGNATED THEM QUOTE CENTERS OF EXCELLENCE END QUOTE WITH INTENT DEVELOP THEM TO INTERNATIONAL STANDARDS. ALTHOUGH NOT SO DESIGNATED ITS HAS WITH ITS OWN RESOURCES (UNIV PLANNING TEAM) ESTABLISHED PROVISIONAL DEVELOPMENT PLAN BUT AS YET HAD HAD NO FOREIGN DONOR FUNDS EARMARKED TO CARRY OUT PROGRAM.

6. ITS NOW LOCATED ON 5 SEPARATE CAMPUSES, OCCUPYING FACILITIES NOT DESIGNED FOR PRESENT USES, WITH CONSEQUENT PROBLEMS OF ADMINISTRATION, DUPLICATION, TRANSPORT AND TIME-TABLES. POOR LABORATORIES, DIFFICULTY IN ATTRACTING AND RETAINING SENIOR ACADEMIC PERSONNEL (OVER HALF OF TEACHING STAFF RECENT GRADUATES WITH LIMITED EXPERIENCE), FORMIDABLE 5-YEAR CURRICULUM, LACK OF SCHOLARSHIP RESOURCES CONTRIBUTE TO LARGE DROP-OUT RATION (LESS THAN 50 GRADUATE PER YEAR COMPARED TO ANNUAL INTAKE OF 500 STUDENTS). LACK OF STUDENT HOSTELS AND SUITABLE FACULTY HOUSING, POORLY EQUIPPED FACILITIES, ADVERSE LECTURER/STUDENT RATION, ALSO CONTRIBUTE TO LOW OUTPUT OF QUALIFIED GRADUATES.

7 PROPOSED PROJECT WOULD DETERMINE SPECIFIC REQUIREMENTS FOR OPTIMUM INSTITUTIONAL DEVELOPMENT BASED ON NEW FACILITIES TO BE LOCATED IN CONSOLIDATED CAMPUS, UPGRADING OF CURRICULA AND RATIONAL STAFF DEVELOPMENT WITH TENTATIVE COST OF ATTAINING ACCEPTABLE STANDARD ESTIMATED AT \$8.5 MILLION. PROJECT TO DETERMINE INITIAL PHASE OF CAMPUS DEVELOPMENT WILL REQUIRE 15-MAN/MONTHS OF CONSULTANT SERVICES INCLUDING ONE SENIOR EXPERT IN ENGINEERING EDUCATION LIMITED OFFICIAL USE

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TO COORDINATE THE OVERALL STUDY; ONE EDUCATIONAL ARCHITECT AND CAMPUS PLANNER TO EXAMINE PHYSICAL ASPECTS OF CAMPUS DEVELOPMENT, AND 4 CURRICULUM AND STAFF DEVELOPMENT EXPERTS IN THE FIELD OF MECHANICAL, ELECTRICAL, CIVIL, AND CHEMICAL WITH COMBINED EXPERTISE IN SUCH DISCIPLINES AS INDUSTRIAL MANAGEMENT, SCIENCE, SHIPBUILDING AND ARCHITECTURE. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION.

8. REQUEST U.S. MISSION JAKARTA COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DTD 3 JULY 1972. SULLIVAN

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